

DRAFT RECLAMATION MANUAL RELEASE

Comments on this draft release must be submitted to jmorgan@usbr.gov by January 17, 2011.

Background and Purpose of the Following Draft Directive and Standard (D&S)

The goals of preparing this new D&S document and providing stakeholders with the opportunity to comment on it in draft form are to enhance a common understanding to how Information Technology (IT) Portfolio Management will provide a framework for comprehensive assessment of the Bureau of Reclamation's IT investment portfolio using sound portfolio management practices. The benefit of this D&S will be to improve the efficiency and effectiveness of Reclamation's IT investments. Reclamation's Chief Information Officer's office has worked with the CIO Council to develop this D&S.

The Reclamation Manual is used to clarify program responsibility and authority and to document Reclamation-wide methods of doing business. All requirements in the Reclamation Manual are mandatory.

See the following pages for the draft D&S.

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Subject: Information Technology Portfolio Management

Purpose: This Directive and Standard (D&S) provides a defined approach for managing the Bureau of Reclamation's Information Technology (IT) portfolio including assessing the relative costs, benefits, and risks of IT investments at an enterprise level.

Authority: Clinger-Cohen Act of 1996 (*Information Technology Management Reform Act and National Defense Authorization Act of Fiscal Year 1996*); E-Government Act of 2002, Public Law 107-347; Office of Management and Budget (OMB) Circular A-130, *Management of Federal Information Resources*; OMB Circular A-11, *Preparation, Submission and Execution of the Budget*; Office of the Secretary Order 3244 – *Standardization of Information Technology Functions and Establishment of Funding Authorities*; and Department of the Interior Departmental Manual, part 375 Chapter 7 and Part 376 Chapter 4

Approving Official: Chief Information Officer (CIO), 84-21000

Contact: IT Policy and Security Division, 84-21200

1. **Introduction.** Reclamation invests significant resources in IT products, tools, systems, and services to support the efficient delivery of water and generation of power. Managing these investments requires standard portfolio management practices to ensure that Reclamation's demands for technology, products, and services are balanced with current and future mission goals and requirements, as well as available resources. This includes establishing sound practices for assessing both proposed and existing IT investments to ensure that systems, products, and services meet the business needs and priorities of the organization. Portfolio management provides integrated strategic planning, architectures, measures of performance, risk management techniques, succession or operational analyses, and other strategies to improve IT investment management and outcomes.
2. **Applicability.** This D&S applies to all Reclamation IT investments and IT capital assets.
3. **Definitions.**
 - A. **Business Decision Document (BDD).** A document used by Reclamation's Chief Financial Officer (CFO), Chief Financial Officer's Council (CFOC), and the Chief Information Officer's Council (CIOC) to support requirements associated with Reclamation's Working Capital Fund (WCF). The BDD is a tool used to budget, track, and evaluate costs for cross-organizational activities (supporting two or more

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organizations) or require funds or contributions from one or more organizations. The BDD identifies business or mission value, actual and planned out-year costs, and cost adjustments or variances for the investment. The BDD provides explanations of variances in requested funding requirements for out-year costs, as well as, variances in planned and actual expenditures. The CIO provides a template for BDDs associated with IT capital assets.

- B. **Business Sponsor.** The person ultimately responsible for the project. Sometimes this role is held by the project manager, but ideally it is held by someone in senior management. Typically, the business sponsor is responsible for:
- (1) Championing the project
 - (2) Obtaining budget approval for the project,
 - (3) Accepting responsibility for problems escalated by the project manager
 - (4) Signing off documents such as the [business case](#) and project initiation document
 - (5) A good business sponsor has the business savvy and reputation to exert pressure within an organization to overcome resistance to the project
- C. **Capital Asset.** Includes land, structures, equipment, intellectual property (e.g., software), and IT, including IT service contracts, used by the Federal government and having an estimated useful life of two years or more.
- D. **Capital Asset Plan.** The Capital Asset Plan (OMB Exhibit 300) serves as a business case for the investment and is the authoritative Federal source for reporting cost, schedule, and performance information on proposed and existing IT investments. Exhibit 300s are required for all major IT investments and provide information needed to monitor the performance of the investment. A condensed version of the Exhibit 300 is maintained for non-major IT investments.
- E. **Directors.** Serving as Executive Sponsors for IT investments, these officials are responsible for ensuring IT investments align with and are the best way to support mission and business requirements. They must ensure resources are available to support IT investments. They must also make sure IT investments are managed in an efficient manner; ensuring new IT investments or projects employ sound project management principles and practices and investment or project risks are managed.

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- F. **Exhibit 53.** Each Federal agency reports on its IT Investment Portfolio annually to OMB via an Exhibit 53. The Exhibit 53 provides budget estimates for all IT investments and identifies major and non-major IT investments as well as IT investments that are reported as part of Department-wide or Enterprise-wide major or non-major IT investments.
- G. **IT Investment.** An organizational investment employing or producing IT or IT-related capital assets. IT investments may be comprised of multiple systems or components including new projects or initiatives as well as contracts established to support components or projects within the investment. Each component or project incurs costs, has expected or realized benefits, has a schedule of activities, and has or will incur risks associated with the investment. OMB Circular A-11 identifies IT investments- major and non-major.
- H. **IT Investment Benefit.** IT investment benefits may be measured to assess an outcome, including but not limited to the delivery of mission services, achievement of business transactions or activities, and any cost increases or reductions resulting from automated capabilities.
- I. **IT Investment Portfolio.** The sum total of all IT investments that have been approved for funding and/or supported by Reclamation.
- J. **IT Investment Risk Management.** Risk management is essential and includes risk identification, analyses, management or mitigation strategies, and oversight to help prevent investment problems. Risk is inherent in all capital investments and may occur at any point of the investment life cycle, including planning, budgeting, acquisition, development, deployment, operation and maintenance, and termination. Failure to manage risk may result in investment cost over-runs, schedule shortfalls, acquisition failures, and other performance problems.
- K. **IT Succession Process.** Policies and procedures that define how IT investments are identified, evaluated, and selected for succession. These policies and procedures typically specify the procedures for managing the migration of IT systems to their successors, and the procedures for disposing of retired IT systems.
- L. **Major IT Investment.** IT system or acquisition requiring special management attention because of its importance to the mission or function of the agency, a component of the agency, or another organization; is for financial management and obligates more than \$500,000 annually; has significant program or policy implications; has high executive visibility; has high development, operating, or maintenance costs; is funded through other than direct appropriations; or, is defined as major by

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Reclamation's capital planning and investment control process. OMB may work with the agency to declare other investments as major investments. Agencies should consult with your OMB agency budget officer or analyst about what investments to consider as "major."

- M. **Non-Major IT Investment.** Any initiative or investment not meeting the definition of major defined above, but is part of the agency's IT Portfolio.
 - N. **Portfolio Management.** Management of capital assets to ensure the sound and wise investment of public resources. This includes establishing an integrated governance and management process to plan, acquire, develop, deploy, manage, and terminate capital assets as part of the budget decision-making process and to improve asset management, mission capabilities, and compliance with Federal laws and requirements. Portfolio management can help an organization gain control over IT investments to ensure meaningful value is delivered to the organization through a mix of IT investments, which balances current and future organizational needs.
 - O. **Points of Contact** – The person serving as the coordinator or focal point of a program, project, or investment. This person may be, but is not always, the Program Manager. Generally this will be the PM for a major or non-major IT investment but may be someone other than the PM for BDDs.
4. **Responsibilities.**
- A. **Chief Information Officer (CIO).** Approves, manages, evaluates, and monitors Reclamation's IT portfolio. This includes ensuring individual IT investments are planned, acquired, developed, deployed or implemented, operated, maintained, and terminated within an integrated framework that addresses enterprise architecture, capital planning and investment control, security, acquisition, risk management, operational, and other requirements related to Reclamation's IT Program and mission objectives as well as standards mandated by OMB and the Department. The CIO is responsible for Exhibit 300s and Reclamation's Exhibit 53 submission to the Department and OMB.
 - B. **Chief Information Officer's Council (CIOC).** Evaluates, assesses, reviews, and renders recommendations to the CIO on Reclamation's IT portfolio. This includes providing advice on the relative mission and business value and risks associated with IT investments, which may result in the funding, suspension, or termination of IT investments or projects. The CIOC Chair is responsible for managing the IT succession process.

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- C. **Directors.** Serve as Executive Sponsors for IT investments and are responsible for ensuring IT investments align with and support mission and business requirements; ensure resources (staff, equipment, and funds) are available to support IT investments; ensuring investments are managed efficiently; ensuring new investments or projects comply with project management principles and practices; and managing investment or project risks, which may include decisions to replace ineffective project teams, suspending or terminating poor IT investments, modifying or changing the project scope to ensure successful completion of the project, or to meet user requirements or new regulatory requirements.
 - D. **Managers.** Manage the day-to-day activities of IT investments or projects and may serve as the Business Sponsor or Functional Sponsor for the IT investment. In this role, managers have the authority to ensure that IT investments and documents are completed and maintained in accordance with applicable OMB, the Department, and Reclamation requirements, and to address IT investment management, resource (staffing and funding), and oversight issues.
 - E. **IT Project Managers (PMs).** The IT PM ensures successful management and execution of the project. IT PMs will complete all assigned IT project management and investment documents – including the X300 and business decision documents (BDDs) – and will coordinate project requirements and status information with key stakeholders, senior executives, and governance councils. IT PMs are responsible for providing investment, records of decision, and progress or performance documents to appropriate governance councils.
 - F. **Capital Planners.** Capital Planners provide guidance to IT PMs responsible for investment documents and insure that the X300s, X53, and BDDs are prepared and completed in accordance with applicable requirements. Also, Capital Planners facilitate the CIOC's review, analysis and reporting recommendations for IT investments and investment documents as part of the IT portfolio management process.
 - G. **Point-of-Contact.** Individual serving as the coordinator or focal point.
5. **Goals and Objectives.** The goals of this D & S are to:
- A. Establish a process to ensure that Reclamation's IT investments are required to support accomplishment of mission goals and objectives as well as the execution of required Federal programs in an efficient manner;
 - B. Provide a framework for the comprehensive or aggregate assessment of the IT investment portfolio, including the use of sound portfolio management practices and

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tools (summary financial reports, operational analyses, historical trend analyses, integrated baseline reviews, post implementation reviews, and other evaluations) to facilitate decision making with respect to IT investments;

- C. Provide a framework for identifying and mitigating IT investment risk;
- D. Provide a framework for promoting accountability for IT investment decisions and management at the enterprise-level;
- E. Monitor IT portfolio performance based on appropriate measures to ensure organizational goals and objectives are accomplished through IT investments; and,
- F. Encourage collaboration and enterprise-level accountability for IT investments, regardless of sponsoring organization or mission alignment.

6. IT Investment Documents.

- A. All funds used to support the planning, acquisition, development, deployment, maintenance, and termination of IT systems, components, and services will be included in IT investments and accounted for in Reclamation's Exhibit 53 and where appropriate, Capital Asset Plans. This includes costs for government employees and contractors supporting IT systems or services; IT equipment; software; and, other IT expenses related to the investment or components within the investment. If a resource is less than fully committed to the IT investment, the portion committed will be reported.
- B. Exhibit 300s will be completed for all major and non-major IT investments. All Reclamation IT systems, components and services will be aligned with a major or non-major IT investment and Exhibit 300. Exhibit 300s maintained by the Department may be used to align appropriate Reclamation IT infrastructure, system, and service investments. IT PMs are responsible for preparing the Exhibit 300 with guidance from Reclamation Capital Planners.
- C. BDDs are required to track individual IT investments that are funded (in whole or in part) by the Working Capital Fund. Funds associated with these IT investments will be aligned with appropriate major and non-major IT investments or Exhibit 300s. The BDDs will be completed by the person listed as the point of contact for the capital asset with guidance from Reclamation Capital Planners.
- D. All Exhibit 300s and other IT-related cost information will be tracked and summarized by Reclamation no less than annually as part of the Exhibit 53, which is submitted to

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the Department and OMB. Reclamation will comply with guidance from the Department and OMB when completing the Exhibit 53 and summarizing IT investment and cost information as part of the annual budget cycle.

7. Completing IT Investment Documents.

- A. Reclamation IT investments are required to have assigned PMs and Points-of-Contact, who are responsible for completing required investment documents. These documents are required to be completed or updated no less than annually and are submitted to Reclamation governance councils for review.
- B. Reclamation's CIO will provide guidance for completion of required IT investment documents to PMs. Annual guidance will be provided to PMs and designated points-of-contact to ensure information related to the investment is accurately reported in Exhibit 300s and IT-related BDDs.
- C. IT PMs will ensure that required information and questions in Exhibit 300s are addressed and reported accurately. This includes information justifying the mission or business value; reporting potential efficiencies and/or cost savings and avoidances; identifying actual and planned out-year costs; establishing performance metrics; aligning systems and components with enterprise architecture blueprints and segments; and, reporting on security and operational management objectives of the investment.
- D. IT PMs and/or designated points-of-contact will ensure required information in BDDs is addressed and reported accurately as well as aligned with major and non-major IT investments. Information includes identification of business or mission value, actual and planned out-year costs, and cost adjustments or variances for the investment.

8. Monitoring and Assessing IT Investments.

- A. Oversight related to the completion of Exhibit 300s and IT-related BDDs is the responsibility of Reclamation's CIO with input from the CIOC. This oversight includes reviewing investment documents to ensure applicable reporting requirements mandated by the OMB and the Department as well as any Reclamation IT capital planning or investment management requirements are addressed. The CIO will ensure the accuracy and quality of information reported in the Exhibit 300s and BDDs and will provide feedback to PMs when investment information is incomplete or needs improvement.
- B. Guidance to evaluate IT investments will be established by the CIOC to formally evaluate the performance, business value, and risk of all investments within

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Reclamation's IT portfolio no less than annually. The rating criteria will be used to rank IT investments, inform management of potential trade-offs between IT investments for current and future funding purposes, and to monitor portfolio performance to ensure ongoing and future mission and business requirements are addressed. This includes assessing the business value of individual IT investments and risks associated with maintaining the investment or moving forward with new projects or succession plans for the investment.

- C. All recommendations and actions resulting from the CIOC IT investment portfolio review or evaluation will be tracked by the CIO and assigned IT investment PMs. PMs will be tasked with following up on review or evaluation comments.

9. IT Investment Recommendations.

- A. Annually and after assessing the performance, mission or business value, and risks associated with IT investments, portfolio management recommendations will be provided by the CIOC to the CIO. Recommendations will be made on whether to (a) approve; (b) conditionally approve; (c) suspend; or (d) terminate individual IT investments within the portfolio. Recommendations include suggestions to retain or continue with the investment; fix or address performance or other issues related to the investment; enhance or improve the investment; replace the investment; combine or break apart (decompose) an investment to more effectively manage the investment; or retire or dispose of an investment. IT portfolio recommendations and recommendations aimed at fixing, enhancing, improving, and modifying the investment will be forwarded to investment PMs and executive sponsors as part of the recommendation process.
- B. Along with providing recommendations on IT investments, the CIOC will ensure that the IT portfolio supports mission and business goals and objectives and balances current and future organizational needs. This includes weighing the tradeoffs associated with committing limited resources for legacy systems over providing funds for new IT investments and recommending the suspension or termination of IT investments or projects that lack sponsorship or increase risk to the organization as a result of persistent cost or schedule issues.
- C. Out-of-cycle IT investment requests may occur when the organization has an urgent need to support a particular business need or practice. These requests will require the same level of documentation as described in this D & S and will be reviewed by the CIOC. A recommendation regarding the out-of-cycle investment request will be forwarded to the CIO.

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- D. Recommendations regarding IT investments will be prioritized and forwarded to the CIO for final review and approval. IT portfolio decisions will be documented and forwarded to the Department no less than annually as part of the Exhibit 53 submission. Final IT funding decisions and risks associated with funding individual investments remain under the purview of the CIO. Adverse decisions on any IT investment will be made with the concurrence of the executive owner.

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